

SENATE BILL 1873

By Kyle

AN ACT to amend Tennessee Code Annotated, Title 67,
relative to taxation of retail sales of food and food
ingredients.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 67, Chapter 1, Part 1, is amended by
adding the following language as a new section:

67-1-114.

(a) On April 15 each year, the commissioner of finance and
administration, in consultation with the commissioner of revenue, shall certify the
amount of surplus state revenue collected above budgeted estimates during the
then current fiscal year and notify the governor, speaker of the senate, speaker
of the house of representatives and state treasurer of such amount. If such
amount exceeds fifty million dollars (\$50,000,000), the rate of taxation on food
and food ingredients for human consumption shall be reduced by one-half
percent (0.5%) on the next July 1.

(b) By June 15 in any year in which certified surplus state revenue
exceeds fifty million dollars (\$50,000,000), the commissioner of revenue shall
publish the rate of taxation on food and food ingredients for human consumption
that will be effective July 1 in accordance with § 67-6-228. Such rate shall
remain effective until the next such reduction.

SECTION 2. Tennessee Code Annotated, Section 67-6-228, is amended by deleting the
section in its entirety and by substituting instead the following:

67-6-228.

(a) Notwithstanding any provision of this part to the contrary, except as otherwise provided in subsections (b) and (c), the retail sale of food and food ingredients for human consumption shall be taxed at the rate of five and one half percent (5.5%) of the sales price.

(b) The retail sale of food and food ingredients sold as prepared food, alcoholic beverages, candy, dietary supplements and tobacco shall be taxed at the rate levied on the sale of tangible personal property at retail by the provisions of § 67-6-202.

(c) In accordance with § 67-1-114, prior to June 15 each year, the commissioner of revenue shall publish the rate of taxation at which the retail sale of food and food ingredients for human consumption shall be taxed beginning July 1 of such year. Such rate, if any, shall be a percentage of the sales price and shall remain effective until the commissioner's next published rate.

SECTION 3. This act shall take effect July 1, 2011, the public welfare requiring it.